



The Trusted Choice

---

**Michigan Association of Insurance Agents**  
*Representing Independent Agents*

**Testimony Before the Senate Insurance Committee in support of HB 4593 – 4596 (3/6/2012)**

Good Morning Mr. Chairman and Committee Members,

My name is Scott Hummel and I am here today representing the Michigan Association of Insurance Agents (MAIA). MAIA is a statewide trade association of over 850 independent insurance agencies and over 8,000 employees and agents. Our members are independently owned insurance agencies – mostly small businesses that offer a variety of insurance and financial services.

MAIA offers its support for HB 4593 - 4596, legislation we strongly believe offers commonsense consumer protections in the use of credit based insurance scores.

**History of Credit Scoring Regulation Legislation**

*Beginning in early 2004, Representative Mary Ann Middaugh, Chair of a house subcommittee on credit scoring regulation, began a workgroup to address stakeholder concerns over credit based insurance scores.*

*The workgroup was bipartisan; included OFIR representatives, policy staff, and industry and agent representatives including MAIA, the Insurance Institute of Michigan, Michigan Insurance Coalition, and several individual insurance companies.*

*Beginning with NCOIL's model language on credit scoring, the workgroup met almost weekly for over two months and went through approximately 8 drafts. The process was able to address most of the concerns of most in the group.*

*However, shortly after the bill was introduced the administration publicly opposed the bill and indicated there would be a rule to ban the use of credit information for insurance scoring purposes. After the rule was promulgated by OFIR, some from the industry were able to delay implementation of the rule, asking the court to decide if the administration had exceeded its rulemaking authority. Ultimately, the Michigan Supreme Court ruled (summer 2010) that OFIR had exceeded its rulemaking authority and that the Insurance Code did allow for the use of credit based insurance scores.*

*The product of that original workgroup has been reintroduced in every legislative session, but no action outside of hearings has ever taken place, I think in large part, pending a court decision; that is until last year in the house. Representatives Opsommer, Glardon, Howze, and Shaughnessy have again reintroduced the basic product of that workgroup, which brings us to today.*

Mr. Chairman, the efforts of that workgroup remain just as valid today as they were 8 years ago. Credit Based Insurance Scoring is used today in Michigan and although the best practices of many insurance companies include much of the substance of these bills, it would be extremely beneficial for insurance consumers to have these common sense protections placed in statute.



Others have and will address the specifics of each bill; let me just add that over the last seven years on this topic, I have set through a multitude of meetings and hearings on this topic and I believe that most practical objections to the use of credit based insurance scores – from the lack of credit, to I.D. theft, the loss of a job, unforeseen medical expenses, detriments to being a responsible shopper of credit, or the lack of a process to correct mistakes are addressed in this package.

Again, MAIA encourages your support for Michigan's insurance consumers and HB 4593 – 96. Thank you for your attention. I would be happy to answer any questions.

Scott Hummel,

VP for Government Relations

Michigan Association of Insurance Agents